

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 66, §67.

For provisions generally relating to advertising and other representations made in connection with the extension of "consumer credit," see Title 13 of this article, the Maryland Consumer Protection Act.

12-404. AMOUNT OF LOAN; INTEREST; PAYMENT IN INSTALLMENTS.

(A) AMOUNT OF LOAN; INTEREST IN ADVANCE.

A LENDER MAY:

(1) MAKE A LOAN IN SUCH AN AMOUNT THAT THE NET PROCEEDS OF THE LOAN EQUAL A PREDETERMINED SUM; AND

(2) TAKE INTEREST IN ADVANCE ON THE FULL AMOUNT OF THE LOAN FOR THE PERIOD FROM THE DATE THE LOAN IS MADE TO THE DATE OF MATURITY OF THE FINAL INSTALLMENT.

(B) LIMITATION ON TOTAL AMOUNT OF INTEREST.

THE TOTAL AMOUNT OF INTEREST MAY NOT EXCEED THE AMOUNT THAT WOULD ACCRUE THROUGHOUT THE TERM OF THE LOAN IF CHARGED AT THE RATE OF 12 PERCENT PER ANNUM ON THE UNPAID PRINCIPAL BALANCES OUTSTANDING FROM TIME TO TIME.

(C) AMORTIZATION OF LOAN.

A LOAN SHALL BE AMORTIZED IN EQUAL OR SUBSTANTIALLY EQUAL MONTHLY INSTALLMENTS WITHOUT A BALLOON PAYMENT AT MATURITY, EXCEPT THAT:

(1) PAYMENT ON THE LOAN MAY BE REDUCED OR SUSPENDED UNTIL [[THE FIRST LIEN OR ENCUMBRANCE IS]] ALL PRIOR LIENS OR ENCUMBRANCES ARE WHOLLY OR PARTIALLY SATISFIED; AND

(2) A BALLOON PAYMENT AT MATURITY MAY BE REQUIRED IF THE LOAN IS TRANSACTED SOLELY FOR THE PURPOSE OF ACQUIRING OR CARRYING ON A BUSINESS OR COMMERCIAL INVESTMENT.

REVISOR'S NOTE: This section presently appears as Art. 66, §61(a).

In subsection (b) of this section, for purposes of brevity and conformity, the phrase "unpaid principal balances outstanding from time to time" is substituted for "at the end of each installment period on the descending